

**Consolidated Annual Financial
Report of the Administrative Agent
for
the JP DRC Microfinance II**

for the period 1 January to 31 December 2016

Multi-Partner Trust Fund Office
Bureau for Management Services
United Nations Development Programme
[GATEWAY: http://mptf.undp.org](http://mptf.undp.org)

18 May 2017

PARTICIPATING ORGANIZATIONS



United Nations Capital Development
Fund



United Nations Development
Programme (UNDP)

CONTRIBUTORS



BELGIUM



SWEDISH INT'L DEVELOPMENT
COOPERATION

DEFINITIONS

Allocation

Amount approved by the Steering Committee for a project/programme.

Approved Project/Programme

A project/programme including budget, etc., that is approved by the Steering Committee for fund allocation purposes.

Contributor Commitment

Amount(s) committed by a donor to a Fund in a signed Standard Administrative Arrangement with the UNDP Multi-Partner Trust Fund Office (MPTF Office), in its capacity as the Administrative Agent. A commitment may be paid or pending payment.

Contributor Deposit

Cash deposit received by the MPTF Office for the Fund from a contributor in accordance with a signed Standard Administrative Arrangement.

Delivery Rate

The percentage of funds that have been utilized, calculated by comparing expenditures reported by a Participating Organization against the 'net funded amount'.

Indirect Support Costs

A general cost that cannot be directly related to any particular programme or activity of the Participating Organizations. UNDG policy establishes a fixed indirect cost rate of 7% of programmable costs.

Net Funded Amount

Amount transferred to a Participating Organization less any refunds transferred back to the MPTF Office by a Participating Organization.

Participating Organization

A UN Organization or other inter-governmental Organization that is an implementing partner in a Fund, as represented by signing a Memorandum of Understanding (MOU) with the MPTF Office for a particular Fund.

Project Expenditure

The sum of expenses and/or expenditure reported by all Participating Organizations for a Fund irrespective of which basis of accounting each Participating Organization follows for donor reporting.

Project Financial Closure

A project or programme is considered financially closed when all financial obligations of an operationally completed project or programme have been settled, and no further financial charges may be incurred.

Project Operational Closure

A project or programme is considered operationally closed when all programmatic activities for which Participating Organization(s) received funding have been completed.

Project Start Date

Date of transfer of first instalment from the MPTF Office to the Participating Organization.

Total Approved Budget

This represents the cumulative amount of allocations approved by the Steering Committee.

US Dollar Amount

The financial data in the report is recorded in US Dollars and due to rounding off of numbers, the totals may not add up.

TABLE OF CONTENTS

Introduction	1
1. Sources and Uses of Funds	2
2. Partner Contributions	3
3. Interest Earned	3
4. Transfer of Funds	4
5. Expenditure and Financial Delivery Rates	5
6. Cost Recovery	6
7. Accountability and Transparency	7
8. Direct Cost	8

INTRODUCTION

This Consolidated Annual Financial Report of the **JP DRC Microfinance II Fund** is prepared by the United Nations Development Programme (UNDP) Multi-Partner Trust Fund Office (MPTF Office) in fulfillment of its obligations as Administrative Agent, as per the terms of Reference (TOR), the Memorandum of Understanding (MOU) signed between the UNDP MPTF Office and the Participating Organizations, and the Standard Administrative Arrangement (SAA) signed with contributors.

The MPTF Office, as Administrative Agent, is responsible for concluding an MOU with Participating Organizations and SAAs with contributors. It receives, administers and

manages contributions, and disburses these funds to the Participating Organizations. The Administrative Agent prepares and submits annual consolidated financial reports, as well as regular financial statements, for transmission to contributors.

This consolidated financial report covers the period 1 January to 31 December **2016** and provides financial data on progress made in the implementation of projects of the **JP DRC Microfinance II Fund**. It is posted on the MPTF Office GATEWAY (<http://mptf.undp.org/factsheet/fund/JCG10>).

The financial data in the report is recorded in US Dollars and due to rounding off of numbers, the totals may not add up.

2016 FINANCIAL PERFORMANCE

This chapter presents financial data and analysis of the **JP DRC Microfinance II Fund** using the pass-through funding modality as of 31 December **2016**. Financial information for this Fund is also available on the MPTF Office GATEWAY, at the following address:

<http://mptf.undp.org/factsheet/fund/JCG10>.

1. SOURCES AND USES OF FUNDS

As of 31 December **2016**, 2 contributors deposited US\$ **9,439,206** in contributions and US\$ **26,297** was earned in interest.

The cumulative source of funds was US\$ **9,465,503**

Of this amount, US\$ **9,344,788** has been net funded to **2** Participating Organizations, of which US\$ **9,061,524** has been reported as expenditure. The Administrative Agent fee has been charged at the approved rate of 1% on deposits and amounts to US\$ **94,392**. Table 1 provides an overview of the overall sources, uses, and balance of the **JP DRC Microfinance II Fund** as of 31 December 2016.

Table 1. Financial Overview, as of 31 December 2016 (in US Dollars)

	Annual 2015	Annual 2016	Cumulative
Sources of Funds			
Contributions from donors	2,472,360	-	9,439,206
Fund Earned Interest and Investment Income	1,813	190	23,774
Interest Income received from Participating Organizations	-	-	2,523
Refunds by Administrative Agent to Contributors	-	-	-
Fund balance transferred to another MDTF	-	-	-
Other Income	-	-	-
Total: Sources of Funds	2,474,173	190	9,465,503
Use of Funds			
Transfers to Participating Organizations	2,447,636	-	9,344,788
Refunds received from Participating Organizations	-	-	-
Net Funded Amount	2,447,636	-	9,344,788
Administrative Agent Fees	24,724	-	94,392
Direct Costs: (Steering Committee, Secretariat...etc.)	-	-	-
Bank Charges	1	1	159
Other Expenditures	-	-	-
Total: Uses of Funds	2,472,361	1	9,439,339
Change in Fund cash balance with Administrative Agent	1,813	189	26,164
Opening Fund balance (1 January)	24,162	25,975	-
Closing Fund balance (31 December)	25,975	26,164	26,164
Net Funded Amount	2,447,636	-	9,344,788
Participating Organizations' Expenditure	917,944	1,343,867	9,061,524
Balance of Funds with Participating Organizations			283,264

2. PARTNER CONTRIBUTIONS

Table 2 provides information on cumulative contributions received from all contributors to this Fund as of 31 December 2016.

The **JP DRC Microfinance II Fund** is currently being financed by 2 contributors, as listed in the table below.

The table below includes commitments made up to 31 December 2016 through signed Standard Administrative Agreements, and deposits made through 2016. It does not include commitments that were made to the fund beyond 2016.

Table 2. Contributors' Commitments and Deposits, as of 31 December 2016 (in US Dollars)

Contributors	Total Commitments	Prior Years as of 31-Dec-2015 Deposits	Current Year Jan-Dec-2016 Deposits	Total Deposits
BELGIUM	5,048,006	5,048,006	-	5,048,006
SWEDISH INT'L DEVELOPMENT COOPERATION	4,391,200	4,391,200	-	4,391,200
Grand Total	9,439,206	9,439,206	-	9,439,206

3. INTEREST EARNED

Interest income is earned in two ways: 1) on the balance of funds held by the Administrative Agent (Fund earned interest), and 2) on the balance of funds held by the Participating Organizations (Agency earned interest) where their Financial Regulations and Rules allow return of interest to the AA.

As of 31 December **2016**, Fund earned interest amounts to US\$ **23,774**.

Interest received from Participating Organizations amounts to US\$ **2,523**, bringing the cumulative interest received to US\$ **26,297**.

Details are provided in the table below.

Table 3. Sources of Interest and Investment Income, as of 31 December 2016 (in US Dollars)

Interest Earned	Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Total
Administrative Agent			
Fund Earned Interest and Investment Income	23,584	190	23,774
Total: Fund Earned Interest	23,584	190	23,774
Participating Organization			
UNDP	2,523		2,523
Total: Agency earned interest	2,523		2,523
Grand Total	26,107	190	26,297

4. TRANSFER OF FUNDS

Allocations to Participating Organizations are approved by the Steering Committee and disbursed by the Administrative Agent. As of 31 December 2016, the AA has transferred US\$ 9,344,788 to 2 Participating Organizations (see list below).

4.1 TRANSFER BY PARTICIPATING ORGANIZATION

Table 4 provides additional information on the refunds received by the MPTF Office, and the net funded amount for each of the Participating Organizations.

Table 4. Transfer, Refund, and Net Funded Amount by Participating Organization, as of 31 December 2016 (in US Dollars)

Participating Organization	Prior Years as of 31-Dec-2015			Current Year Jan-Dec-2016			Total		
	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded	Transfers	Refunds	Net Funded
UNCDF	5,606,872		5,606,872				5,606,872		5,606,872
UNDP	3,737,916		3,737,916				3,737,916		3,737,916
Grand Total	9,344,788		9,344,788				9,344,788		9,344,788

5. EXPENDITURE AND FINANCIAL DELIVERY RATES

All final expenditures reported for the year **2016** were submitted by the Headquarters of the Participating Organizations. These were consolidated by the MPTF Office.

Project expenditures are incurred and monitored by each Participating Organization, and are reported as per the agreed upon categories for inter-agency harmonized reporting. The reported expenditures were submitted via the MPTF Office's online expenditure reporting tool. The **2016** expenditure data has been posted on the MPTF Office GATEWAY at <http://mptf.undp.org/factsheet/fund/JCG10>.

5.1 EXPENDITURE REPORTED BY PARTICIPATING ORGANIZATION

In **2016**, US\$ was net funded to Participating Organizations, and US\$ **1,343,867** was reported in expenditure.

As shown in table below, the cumulative net funded amount is US\$ **9,344,788** and cumulative expenditures reported by the Participating Organizations amount to US\$ **9,061,524**. This equates to an overall Fund expenditure delivery rate of **97** percent.

The agencies with the three highest delivery rates are: UNDP (100%), UNCDF (95%)

Table 5.1 Net Funded Amount, Reported Expenditure, and Financial Delivery by Participating Organization, as of 31 December 2016 (in US Dollars)

Participating Organization	Approved Amount	Net Funded Amount	Expenditure			Delivery Rate %
			Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Cumulative	
UNCDF	5,606,872	5,606,872	4,090,149	1,233,870	5,324,019	94.96
UNDP	3,737,916	3,737,916	3,627,508	109,998	3,737,505	99.99
Grand Total	9,344,788	9,344,788	7,717,657	1,343,867	9,061,524	96.97

5.2 EXPENDITURE REPORTED BY CATEGORY

Project expenditures are incurred and monitored by each Participating Organization and are reported as per the agreed categories for inter-agency harmonized reporting. In 2006 the UN Development Group (UNDG) established six categories against which UN entities must report inter-agency project expenditures. Effective 1 January 2012, the UN Chief Executive Board (CEB) modified these categories as a result of IPSAS adoption to comprise eight categories. All expenditure incurred prior to 1 January 2012 have been reported in the old categories; post 1 January 2012 all expenditure are reported in the new eight categories. See table below.

2012 CEB Expense Categories

1. Staff and personnel costs
2. Supplies, commodities and materials
3. Equipment, vehicles, furniture and depreciation
4. Contractual services
5. Travel
6. Transfers and grants
7. General operating expenses
8. Indirect costs

2006 UNDG Expense Categories

1. Supplies, commodities, equipment & transport
2. Personnel
3. Training counterparts
4. Contracts
5. Other direct costs
6. Indirect costs

Table 5.2 Expenditure by UNDG Budget Category, as of 31 December 2016 (in US Dollars)

Category	Expenditure			Percentage of Total Programme Cost
	Prior Years as of 31-Dec-2015	Current Year Jan-Dec-2016	Total	
Supplies, Commodities, Equipment and Transport (Old)	414	-	414	0.00
Personnel (Old)	59,939	-	59,939	0.71
Contracts (Old)	60,618	-	60,618	0.72
Other direct costs (Old)	589,513	-	589,513	6.96
Staff & Personnel Cost (New)	333,665	238,328	571,993	6.75
Suppl, Comm, Materials (New)	34,415	1,264	35,679	0.42
Equip, Veh, Furn, Depn (New)	224,095	73	224,168	2.65
Contractual Services (New)	1,014,536	192,687	1,207,223	14.26
Travel (New)	403,524	764,711	1,168,235	13.79
Transfers and Grants (New)	4,009,373	-	4,009,373	47.34
General Operating (New)	488,281	53,278	541,559	6.39
Programme Costs Total	7,218,373	1,250,341	8,468,714	100.00
¹ Indirect Support Costs Total	499,284	93,526	592,810	7.00
Total	7,717,657	1,343,867	9,061,524	

¹ **Indirect Support Costs** charged by Participating Organization, based on their financial regulations, can be deducted upfront or at a later stage during implementation. The percentage may therefore appear to exceed the 7% agreed-upon for on-going projects. Once projects are financially closed, this number is not to exceed 7%.

6. COST RECOVERY

Cost recovery policies for the Fund are guided by the applicable provisions of the Terms of Reference, the MOU concluded between the Administrative Agent and Participating Organizations, and the SAAs concluded between the Administrative Agent and Contributors, based on rates approved by UNDG.

The policies in place, as of 31 December 2016, were as follows:

- **The Administrative Agent (AA) fee:** 1% is charged at the time of contributor deposit and covers services provided on that contribution for the entire duration of the Fund. In the reporting period US\$ was deducted in AA-fees. Cumulatively, as of 31 December 2016, US\$ **94,392** has been charged in AA-fees.
- **Indirect Costs of Participating Organizations:** Participating Organizations may charge 7% indirect costs. In the current reporting period US\$ **93,526** was deducted in indirect costs by Participating Organizations. Cumulatively, indirect costs amount to US\$ **592,810** as of 31 December 2016.

7. ACCOUNTABILITY AND TRANSPARENCY

In order to effectively provide fund administration services and facilitate monitoring and reporting to the UN system and its partners, the MPTF Office has developed a public website, the MPTF Office Gateway (<http://mptf.undp.org>). Refreshed in real time every two hours from an internal enterprise resource planning system, the MPTF Office Gateway has become a standard setter for providing transparent and accountable trust fund administration services.

The Gateway provides financial information including: contributor commitments and deposits, approved programme budgets, transfers to and expenditures reported by Participating Organizations, interest income and other expenses. In addition, the Gateway provides an overview of the MPTF Office portfolio and extensive information on individual Funds, including their purpose, governance structure and key documents. By providing easy access to the growing number of narrative and financial reports, as well as related project documents, the Gateway collects and preserves important institutional knowledge and facilitates knowledge sharing and management among UN Organizations and their development partners, thereby contributing to UN coherence and development effectiveness.